

**AMERICAN ASSOCIATION FOR
STATE AND LOCAL HISTORY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Association for State and Local History

Opinion

We have audited the accompanying financial statements of American Association for State and Local History (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Association for State and Local History as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Association for State and Local History and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Association for State and Local History's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Association for State and Local History's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Association for State and Local History's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brentwood, Tennessee

December 19, 2022

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 328,510	\$ 444,550
Restricted cash	<u>251,932</u>	<u>229,832</u>
Total cash and cash equivalents	580,442	674,382
Accounts receivable, net	117,707	107,939
Grant receivable	10,070	11,075
Prepaid expenses and deposits	<u>80,033</u>	<u>68,762</u>
Total current assets	788,252	862,158
Property and equipment, net	8,777	5,597
Investments - substantially restricted	<u>2,013,840</u>	<u>2,315,708</u>
Total assets	<u><u>\$ 2,810,869</u></u>	<u><u>\$ 3,183,463</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 122,472	\$ 116,631
Unearned membership dues	364,825	328,419
Unearned revenue - other	<u>204,637</u>	<u>349,493</u>
Total current liabilities	<u>691,934</u>	<u>794,543</u>
Net assets:		
Without donor restrictions	(45,300)	108,156
With donor restrictions	<u>2,164,235</u>	<u>2,280,764</u>
Total net assets	<u>2,118,935</u>	<u>2,388,920</u>
Total liabilities and net assets	<u><u>\$ 2,810,869</u></u>	<u><u>\$ 3,183,463</u></u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership dues	\$ 667,399	\$ -	\$ 667,399
Contributions	131,109	155,600	286,709
Grants	239,204	-	239,204
Annual meeting	196,190	-	196,190
Education and training	193,950	-	193,950
Advertising	74,543	-	74,543
Royalties	29,637	-	29,637
Sales of publications	4,727	-	4,727
Sales of labels	274	-	274
Investment income, net	93,972	(272,129)	(178,157)
Total revenues, gains and other support	<u>1,631,005</u>	<u>(116,529)</u>	<u>1,514,476</u>
Operating expenses:			
Program services:			
Annual meeting	298,715	-	298,715
Education and training	258,588	-	258,588
Periodicals	124,421	-	124,421
Leadership and governance	34,931	-	34,931
Performance measures	15,103	-	15,103
Program development	276,044	-	276,044
Incremental standards	66,897	-	66,897
Total program services	<u>1,074,699</u>	<u>-</u>	<u>1,074,699</u>
Supporting services:			
Administration and finance	380,946	-	380,946
Advertising and marketing	170,603	-	170,603
Membership services	125,875	-	125,875
Fundraising	32,338	-	32,338
Total supporting services	<u>709,762</u>	<u>-</u>	<u>709,762</u>
Total operating expenses	<u>1,784,461</u>	<u>-</u>	<u>1,784,461</u>
Change in net assets	(153,456)	(116,529)	(269,985)
Net assets, beginning of year	<u>108,156</u>	<u>2,280,764</u>	<u>2,388,920</u>
Net assets, end of year	<u>\$ (45,300)</u>	<u>\$ 2,164,235</u>	<u>\$ 2,118,935</u>

The accompanying notes are an integral part of these financial statements.

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership dues	\$ 670,783	\$ -	\$ 670,783
Investment income, net	88,955	395,681	484,636
Grants	437,466	-	437,466
Education and training	170,673	-	170,673
Annual meeting	126,487	-	126,487
Contributions	106,354	2,575	108,929
Advertising	46,432	-	46,432
Royalties	35,387	-	35,387
Sales of publications	3,099	-	3,099
Sales of labels	441	-	441
Total revenues, gains and other support	<u>1,686,077</u>	<u>398,256</u>	<u>2,084,333</u>
Operating expenses:			
Program services:			
Annual meeting	160,316	-	160,316
Education and training	205,335	-	205,335
Periodicals	78,867	-	78,867
Leadership and governance	142,115	-	142,115
Performance measures	31,784	-	31,784
Program development	158,070	-	158,070
Incremental standards	60,779	-	60,779
Total program services	<u>837,266</u>	<u>-</u>	<u>837,266</u>
Supporting services:			
Administration and finance	308,346	-	308,346
Advertising and marketing	160,210	-	160,210
Membership services	96,410	-	96,410
Fundraising	28,567	-	28,567
Total supporting services	<u>593,533</u>	<u>-</u>	<u>593,533</u>
Total operating expenses	<u>1,430,799</u>	<u>-</u>	<u>1,430,799</u>
Change in net assets	255,278	398,256	653,534
Net assets, beginning of year	<u>(147,122)</u>	<u>1,882,508</u>	<u>1,735,386</u>
Net assets, end of year	<u>\$ 108,156</u>	<u>\$ 2,280,764</u>	<u>\$ 2,388,920</u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services				Supporting Services							
	Annual Meeting	Education and Training	Periodicals	Leadership and Governance	sham Performance Measures	Program Development	Incremental Standards	Administration and Finance	Advertising and Marketing	Membership Services	Fundraising	Total
Salaries	\$ 54,864	\$ 117,987	\$ 55,930	\$ 13,161	\$ 1,333	\$ 51,811	\$ 55,672	\$ 84,175	\$ 113,208	\$ 72,086	\$ 19,491	\$ 639,718
Consultants	-	72,953	1,200	236	-	185,882	-	70,998	534	9	7,725	339,537
Meeting expenses	201,242	66	-	2,311	5,067	-	-	-	12,774	-	-	221,466
Taxes and benefits	11,062	23,790	11,277	2,654	269	-	11,225	27,419	22,826	14,535	3,930	128,987
Equipment maintenance	3,255	-	-	-	-	2,040	-	52,511	7,835	-	-	65,641
Printing	440	-	30,400	-	-	22,118	-	-	76	5,746	-	58,780
Rent	389	-	-	-	-	-	-	46,898	-	-	-	47,287
Supplies/shipping/postage	1,143	-	12,214	-	-	3,072	-	16,305	637	8,499	1,161	43,031
Website services	-	35,238	-	-	-	-	-	-	5,705	-	-	40,943
Design	16,386	-	13,400	-	-	7,505	-	-	1,367	-	-	38,658
Survey fees	-	-	-	-	7,702	-	-	-	-	25,000	-	32,702
Bank and credit card fees	-	-	-	-	-	-	-	29,258	-	-	-	29,258
Travel	6,952	6,504	-	3,785	732	3,616	-	-	3,018	-	-	24,607
Legal and professional	-	-	-	-	-	-	-	17,704	-	-	-	17,704
Telephone and internet	-	-	-	417	-	-	-	13,302	-	-	-	13,719
Professional training	-	-	-	12,367	-	-	-	-	-	-	-	12,367
Equipment lease	-	-	-	-	-	-	-	11,018	-	-	-	11,018
Insurance	-	250	-	-	-	-	-	7,313	-	-	-	7,563
Miscellaneous	2,982	1,800	-	-	-	-	-	1	-	-	31	4,814
Depreciation	-	-	-	-	-	-	-	2,004	-	-	-	2,004
Building maintenance	-	-	-	-	-	-	-	1,920	-	-	-	1,920
Advertising	-	-	-	-	-	-	-	-	1,622	-	-	1,622
Sponsorships and awards	-	-	-	-	-	-	-	120	1,001	-	-	1,121
	\$ 298,715	\$ 258,588	\$ 124,421	\$ 34,931	\$ 15,103	\$ 276,044	\$ 66,897	\$ 380,946	\$ 170,603	\$ 125,875	\$ 32,338	\$ 1,784,461

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services						
	Annual Meeting	Education and Training	Periodicals	Leadership and Governance	Performance Measures	Program Development	Incremental Standards	Administration and Finance	Advertising and Marketing	Membership Services	Fundraising	Total
Salaries	\$ 68,487	\$ 78,370	\$ 22,454	\$ 74,723	\$ 17,387	\$ 59,570	\$ 31,251	\$ 91,304	\$ 94,125	\$ 61,155	\$ 11,914	\$ 610,740
Consultants	4,000	63,766	1,324	4,260	-	98,500	500	90,066	-	-	11,313	273,729
Taxes and benefits	16,632	19,032	5,453	18,146	4,223	-	7,589	27,775	22,858	14,851	2,894	139,453
Meeting expenses	53,290	-	-	896	-	-	-	-	-	-	-	54,186
Rent	5,634	6,447	1,847	6,147	1,430	-	2,571	9,408	7,742	5,030	980	47,236
Website services	-	29,659	-	-	-	-	-	-	11,647	-	-	41,306
Design	5,227	-	18,550	-	-	-	12,583	-	1,808	-	-	38,168
Equipment maintenance	-	-	-	-	-	-	-	26,313	10,820	-	-	37,133
Printing	-	-	25,320	-	-	-	2,292	-	-	9,084	-	36,696
Supplies/shipping/postage	3,498	4,003	2,861	3,817	888	-	1,596	8,396	4,808	3,123	609	33,599
Bank and credit card fees	-	-	-	-	-	-	-	30,856	-	-	-	30,856
Professional training	-	-	(106)	29,273	-	-	-	-	-	-	-	29,167
Legal and professional	1,920	2,196	630	2,095	488	-	876	4,218	2,640	1,714	334	17,111
Telephone and internet	1,327	1,518	435	1,447	337	-	605	2,216	1,822	1,185	231	11,123
Equipment lease	-	-	-	-	-	-	-	8,218	-	-	-	8,218
Survey fees	-	-	-	-	6,955	-	-	-	-	-	-	6,955
Insurance	-	-	-	-	-	-	-	3,723	-	-	-	3,723
Travel	-	-	-	983	-	-	779	677	177	-	-	2,616
Depreciation	301	344	99	328	76	-	137	502	413	268	52	2,520
Building maintenance	-	-	-	-	-	-	-	2,080	-	-	-	2,080
Sponsorships and awards	-	-	-	-	-	-	-	1,068	850	-	-	1,918
Miscellaneous	-	-	-	-	-	-	-	1,526	-	-	240	1,766
Advertising	-	-	-	-	-	-	-	-	500	-	-	500
	\$ 160,316	\$ 205,335	\$ 78,867	\$ 142,115	\$ 31,784	\$ 158,070	\$ 60,779	\$ 308,346	\$ 160,210	\$ 96,410	\$ 28,567	\$ 1,430,799

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (269,985)	\$ 653,534
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,004	2,520
Realized and unrealized (gains) losses on investments	214,262	(449,508)
Governmental grant recognized from PPP loan forgiveness	-	(120,000)
Decrease (increase) in operating assets:		
Accounts receivable	(9,768)	(59,818)
Grant receivable	1,005	(4,675)
Prepaid expenses and deposits	(11,271)	16,213
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	5,841	62,519
Unearned membership dues	36,406	(760)
Unearned revenue - other	(144,806)	171,010
Net cash provided by (used in) operating activities	<u>(176,312)</u>	<u>271,035</u>
Cash flows from investing activities:		
Purchase of equipment	(5,184)	-
Purchase of investments	(167,957)	(89,946)
Proceeds from sale of investments	<u>255,513</u>	<u>88,955</u>
Net cash provided by (used in) investing activities	<u>82,372</u>	<u>(991)</u>
Net increase (decrease) in cash and cash equivalents	(93,940)	270,044
Cash and cash equivalents, beginning of year	<u>674,382</u>	<u>404,338</u>
Cash and cash equivalents, end of year	<u><u>\$ 580,442</u></u>	<u><u>\$ 674,382</u></u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and Nature of Activities

American Association for State and Local History (the "Association") was formed in 1940 and incorporated under the laws of the District of Columbia in November, 1944 as a not-for-profit organization. The Association provides leadership and support for its members who preserve and interpret state and local history in order to make the past more meaningful to all Americans. Additionally, the Association provides information and training through publications, annual meetings, seminars, workshops, the development of professional standards and the identification and analysis of issues critical to the field. Consequently, membership consists of individuals and organizations located throughout the United States and abroad.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Association reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Unrealized gains and losses, as well as appreciation or depreciation in the market value, are reflected in the accompanying financial statements.

Property and Equipment

It is the Association's policy to capitalize property and equipment with an original cost over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which are generally five years.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Association has accrued for vacation pay based on the employees' leave balance at the end of the fiscal year. Compensated absences for sick pay and other leave have not been accrued since they do not vest.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give which are due in future years are recorded at their net realizable value.

Contributions

All contributions are considered to be without donor restriction unless specifically stated by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period the contribution is received, the Association reports the support as net assets without donor restriction.

Donated Services

The fair value of donated volunteer services is not reflected in the accompanying financial statements since it is not practicable to objectively determine the fair value of the service received.

Grants and Government Contracts

Grants and government contract revenues are recognized when earned. Grants receivable represent the difference between amounts earned and amounts received.

Membership Dues and Activities

Membership dues are recognized using the straight-line method over the membership term. Unearned membership dues are shown as a current liability. The membership period is based upon a member's anniversary date.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, including salaries, taxes and benefits, rent, legal and professional fees, depreciation, telephone and internet, and postage, have been allocated among the programs and supporting services based on management's estimates of the percentage of staff time incurred by each program and supporting service.

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Association is not considered a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Association had no unrelated business taxable income during the years ended June 30, 2022 and 2021.

The Association has adopted guidance concerning the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. This guidance must be applied to all existing tax positions upon initial adoption. Adoption of this pronouncement had no impact on the Association's financial statements. The Association has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed. There are no tax penalties or interest reported in the accompanying financial statements. The Association had no uncertain tax positions at June 30, 2022.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Redesignations

When donors amend or clarify intent for applicable contributions reported in a previous fiscal year, revisions are separately reflected as donor designation changes within the statement of activities.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on the results of operations as previously reported.

Events Occurring After Reporting Date

The Association has evaluated events and transactions that occurred after June 30, 2022, through the date of the issued financial statements, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 328,509
Cash restricted for grant agreements and endowments	251,932
Accounts receivable currently due, net	117,707
Other assets appropriated for current use	90,104
	<hr/>
	\$ 788,252

The Association has \$788,252 of financial assets available within one year of the statement financial position date consisting of items listed above. Cash and cash equivalents are not subject to donor or contractual restrictions that make them unavailable for general expenditures. Restricted cash is donor restricted for specific programs. The accounts receivable currently due are subject to implied time restrictions but are expected to be collected within one year. As mentioned in Note 16, the Association maintains a donor restricted endowment that is used to support its programs. The spending rate of the endowment is 5% of the rolling twelve-quarter average market value of the endowment. In the next 12 months, approximately \$101,779 will be available for general use. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 3 - RESTITUTION PAYMENTS

The Association received monthly restitution payments from a former employee and her spouse. In March 2012, the Association's former finance director and spouse were arrested after a grand jury indicted them on charges of misappropriating approximately \$730,000. During March 2013, the Association was awarded \$26,848 in restitution from former Finance Director Woodward's spouse, due in monthly payments of \$250 until the balance is paid in full. During May 2014, the Association was awarded \$712,976 in restitution from former Finance Director Woodward, due in monthly payments of \$250 until the balance is paid in full. The amount recorded in the financial statements for the receivable due from former Finance Director Woodward has been limited to her life expectancy, which is approximately 30 years.

On September 23, 2021, the State of Tennessee petitioned the Criminal Court for Davidson County, Tennessee to modify/review the restitution that was previously ordered by the court. The court found it reasonable to waive the remaining restitution receivable to the Association from the former employee and her spouse due to their employment potential and individual circumstances. As of June 30, 2021, the Association has accrued an allowance for the fair market value of the restitution receivable. See Note 6 for details regarding the Association's accounts receivable balance.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Association maintains bank accounts at two financial institutions. The balances, at times, may exceed federally insured limits. The Association has not experienced any losses in the accounts. Management believes the Association is not exposed to any significant credit risk related to cash. As of June 30, 2022, the Association had no amounts over the FDIC limit at risk in their operating account.

NOTE 5 - RESTRICTED CASH

Restricted cash as of June 30, 2022 and 2021 is summarized as follows:

	2022	2021
Cash restricted for grant agreements	\$ 61,134	\$ 227,257
Cash restricted for endowment	<u>190,798</u>	<u>2,575</u>
	<u>\$ 251,932</u>	<u>\$ 229,832</u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Accounts receivable	\$ 117,708	\$ 107,939
	<u>\$ 117,708</u>	<u>\$ 107,939</u>

NOTE 7 - INVESTMENTS

Marketable securities are recorded at market value at June 30, 2022 and 2021, as follows:

	2022	2021
Investments - substantially restricted:		
Treasury money market	\$ 170,860	\$ 205,993
Dividend appreciation index investor shares	278,133	351,921
Wellington fund admiral shares	1,322,099	1,488,477
IT investment grade fund shares	4,774	5,490
500 index fund - admiral shares	237,975	263,827
	<u>\$ 2,013,841</u>	<u>\$ 2,315,708</u>
Restricted cash:		
Treasury money market	<u>\$ 154,907</u>	<u>\$ 126,086</u>

Investment income from these investments for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Realized and unrealized gains on investments	\$ (214,262)	\$ 449,508
Dividends and interest	<u>36,105</u>	<u>35,128</u>
	<u>\$ (178,157)</u>	<u>\$ 484,636</u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 8 - FAIR VALUE MEASUREMENTS

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with this guidance, the Association groups its financial assets and liabilities generally measured at fair value in a three level valuation hierarchy for disclosure of fair value measurements defined as Level 1 – inputs for quoted market prices for identical assets or liabilities in active markets; Level 2 – inputs include quoted market prices for similar assets and liabilities in active markets and inputs that are observable either directly or indirectly and; Level 3 – inputs that are unobservable and significant to the fair value measurements. At June 30, 2022 and 2021, the Association did not have any assets measured with Level 2 or Level 3 inputs.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
June 30, 2022				
Endowment funds:				
Cash and money funds	\$ 170,860	\$ 170,860	\$ -	\$ -
Mutual funds	1,842,980	1,842,980	-	-
Money market funds	154,907	154,907	-	-
Total assets, at fair value	<u>\$ 2,168,747</u>	<u>\$ 2,168,747</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2021				
Endowment funds:				
Cash and money funds	\$ 205,993	\$ 205,993	\$ -	\$ -
Mutual funds	2,109,715	2,109,715	-	-
Money market funds	126,086	126,086	-	-
Total assets, at fair value	<u>\$ 2,441,794</u>	<u>\$ 2,441,794</u>	<u>\$ -</u>	<u>\$ -</u>

The Association does not measure any liabilities at fair value on a recurring basis.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Office furniture and equipment	\$ 30,282	\$ 30,282
Computer equipment	12,180	6,996
Website development	89,850	89,850
	<u>132,312</u>	<u>127,128</u>
Less accumulated depreciation	<u>(123,535)</u>	<u>(121,531)</u>
	<u><u>\$ 8,777</u></u>	<u><u>\$ 5,597</u></u>

Depreciation expense was \$2,004 and \$2,520 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10 - UNEARNED REVENUE – OTHER

Unearned revenue – other consists of the following at June 30, 2022 and 2021:

	2022	2021
History Leadership Institute	\$ 34,312	\$ 33,707
Annual meeting	108,639	59,265
Andrew W. Mellon Foundation Grant	33,546	227,257
Workshop fees	10,217	6,790
Small Museum Scholarships	11,908	6,890
Other	<u>6,015</u>	<u>15,585</u>
	<u><u>\$ 204,637</u></u>	<u><u>\$ 349,494</u></u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 - NOTE PAYABLE

The Association had an unsecured note payable with Regions Bank dated May 11, 2020 due in monthly installments of \$6,720, including interest at a fixed rate of 1.00%. Payments were scheduled to begin on November 11, 2021. The note was due in full on May 11, 2022.

The loan from Regions Bank was received under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The Association received forgiveness on the PPP loan on November 4, 2020. The Association has no outstanding debt as of June 30, 2022 and 2021.

NOTE 12 - RESTRICTIONS ON NET ASSETS

Net assets of the Association, and the nature of any restrictions, are made up of the following at June 30, 2022 and 2021:

	2022	2021
Net assets without donor restrictions:		
Undesignated	<u>\$ (132,888)</u>	<u>\$ 108,156</u>
Net assets with donor restrictions:		
Accumulated investment gains	\$ 528,177	\$ 740,306
Original donor-restricted gift amount and amounts required to be maintained perpetuity by donor	1,694,684	1,539,084
Interest earned on restricted cash	<u>1,374</u>	<u>1,374</u>
	<u>\$ 2,224,235</u>	<u>\$ 2,280,764</u>

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 13 - RETIREMENT PLAN

The Association maintains a defined contribution retirement plan. Upon employment, all full-time employees over the age of 21 are eligible to participate in the plan. After one year of employment, the Association will match employee contributions up to 7.5%. The plan offers multiple investment options managed by investment professionals to eligible employees. Total contributions by the Association amounted to \$32,919 and \$35,719 for the years ended June 30, 2022 and 2021, respectively.

NOTE 14 - LEASING AND SERVICE ARRANGEMENTS

In 2020, the Association renewed the lease for office space, originally entered in 2016, for an additional three years. During the term of this lease, the annual rental amount will be \$44,500 payable in monthly installments, increasing by 3% annually. Rent expense for the years ended June 30, 2022 and 2021 totaled \$47,287 and \$47,236, respectively. Such expenses have been reported in various classifications based upon functional use.

The future minimum lease payments for office space are as follows for the year ending June 30:

2023	\$ 47,925
2024	49,722
2025	51,213
2026	12,897
	<hr/>
	\$ 161,757

NOTE 15 - COMMITMENTS

Effective September 2021, the Association entered agreements for lodging, food and beverage, and event space for the annual meeting to be held in September 2022. Under the contract, the Association is committed to 1,164 guest room nights with an anticipated fee of \$143,597. The Association is also committed to an event space contract, where the usage fee is waived as long as the Association meets eighty percent actualization of the aforementioned guest room nights, and a minimum food and beverage fee of \$47,500 excluding tax and service charges. If the agreement is cancelled prior to the meeting, the Association will be required to pay a cancellation fee equal to a percentage of the committed amounts noted above at a graduated rate based on the number of days prior to the event.

Effective October 2021, the Association entered into an agreement for event space for the annual meeting to be held in September 2024. Per the agreement, total minimum anticipated fees are \$30,070. If the Association cancels the event, any amounts paid by the Association will be non-refundable.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 15 - COMMITMENTS (CONTINUED)

The Association has agreed to provide certain survey services relating to visitors count programs under contracts with various history museums. Such services are generally conducted with another nonprofit organization under a cost/service agreement. Revenue will be recognized as services are performed. Revenue included for the visitors count program for the years ended June 30, 2022 and 2021 amounted to \$0 and \$8,410, respectively.

In June 2019, the Association was awarded a grant with a total value of \$479,000 from The Andrew W. Mellon Foundation to be earned over the period of July 1, 2019 to August 31, 2022. The funding provided by this agreement will allow the Association to study the ways Americans understand history and generate successful communication strategies about the importance of history for public audiences. Revenue is recognized as expenses are incurred. As of June 30, 2022, the Association has recognized \$417,866, leaving \$61,134 to be earned.

Regarding the Andrew W. Mellon Foundation grant, the Association entered into an agreement with a subgrantee to provide contract services for research associated to the project. The total amount of the agreement is \$272,000. As of June 30, 2022, \$136,000 has been paid to the subgrantee, with the remaining \$61,134 still due to the subgrantee from the Association as work is performed.

In January 2021, the Association was awarded a grant with a total value of \$150,000 from the National Endowment for the Humanities to support the project "Making America at 250: A Stronger Historical Community for the Semiquincentennial." Revenue is recognized as expenses are incurred. As of June 30, 2022, the Association has recognized the total \$150,000.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 16 - ENDOWMENT

The Association's endowment was established to further its programs. The endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

UPMIFA was enacted in Tennessee effective July 1, 2007. The Association has interpreted UPMIFA as requiring the Association to classify as net assets with donor restrictions a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

Endowment net assets composition by type of fund is as follows at June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment fund	<u>\$ -</u>	<u>\$ 2,224,235</u>	<u>\$ 2,224,235</u>

Endowment net assets composition by type of fund is as follows at June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment fund	<u>\$ -</u>	<u>\$ 2,280,764</u>	<u>\$ 2,280,764</u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 16 - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 2,280,764	\$ 2,280,764
Endowment contributions	-	155,600	155,600
Investment return	93,972	(272,129)	(178,157)
Endowment distributions	(93,972)	-	(93,972)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,164,235</u>	<u>\$ 2,164,235</u>

Changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,882,508	\$ 1,882,508
Endowment contributions	-	2,575	2,575
Investment return	88,955	395,681	484,636
Endowment distributions	(88,955)	-	(88,955)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,280,764</u>	<u>\$ 2,280,764</u>

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 16 - ENDOWMENT (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. There were no deficiencies of this nature reported as of June 30, 2022 and 2021.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide a real total return, net of investment management fees, that is consistent with spending policy requirements. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Association's investment policy is to generally maintain 50% - 80% in equity investments and 15% - 50% in fixed income securities. Short-term securities should represent 0% - 20%.

The Association may authorize a distribution of up to 5% of the market value calculated on a rolling twelve-quarter average of market value.

NOTE 17 - SUBSEQUENT EVENTS

The Association launched a multi-year project to celebrate the lead up to the Semiquincentennial anniversary of the United States. On August 29, 2022, the Association was notified by a donor of a multi-year grant in the total amount of \$400,000. The Association is to receive \$100,000 each October from 2022-2025.

The Associated entered into an agreement to sublease part of its office space in August 2022. The agreement is for \$850 per month for an initial period of twelve months.